

Realty Trust Review

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BI-MONTHLY RELATIVE APPEAL RANKINGS AND PORTFOLIO ADVISORY

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PORTFOLIO ADVISORY: SOPHISTICATED MONEY DRIVING SOME EQUITY TRUSTS UP

Fairly good sums of sophisticated money, often tracing to real estate or securities broker professionals, are starting to chase a very select group of shares with exuberance. Very often the money is chasing stocks with thin capitalizations, maximizing the resulting price surges and driving prices well above levels justified by underlying fundamentals.

We have been giving fairly high rankings to many of the trusts being chased, indicating RELATIVE APPEAL RANKINGS is doing its job of spotlighting underlying values for you before the general market recognizes them. But with a few good price moves, it's time to drop the big movers down a notch and upgrade a few trusts with relatively better prospects. Keep in mind that RELATIVE APPEAL RANKINGS is our judgment of prospects always balanced against current price. We've combed our list of 131 trust securities and make the following changes this month:

Ranking upgradings: Federal Realty from No. 3 to No. 2 because potential dilution from a June 1976 share offering has been absorbed and earnings and dividends are unimpaired.

Central Mtg. & Realty from 3N to 2N (no dividend) because non-earning investments have been cut from 58% to below 40% in the last year and the trust is seeking bank permission to begin making new loan commitments. The shares at 3-3/8 are 72% below \$12.49 book value, a discount that seems out of line with potentials.

First Virginia Mtg. & REIT moves from No. 5N to No. 4N (no dividend) where it is still highly speculative. Recent price of 7/8 is not much below net tangible book value of \$1.18 but a \$2.15/sh. gain (before operating results) from recent debt restructuring is expected in the June quarter.

Heitman Mtg. Inv. moves from No. 4N to 3N (no dividend) for improved quarterly operating results and evidence the worst is over. Shares at 1 1/4 are below \$3.20 book.

Hospital Mtg. Group is upped from 3 to 2 because quarterly results are improving and the disparity between current price of 8-3/8 and book value of \$22.90 is a large

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GROUP RATES ON REQUEST

63%. A 15¢ quarterly dividend has been maintained.

ICM Realty is jumped two ranks from 4 to 2 because most problems appear behind and while dividend resumption may be two or more years away, establishing a position now is sound strategy. The price at 6 is 57% below \$14.07 book.

IDS Realty moves from No. 5N to No. 4N (no dividend). By squeezing banks out at a 20% discount, thanks to a \$25 million loan from its sponsor, the trust is now free to restructure its \$170 million subordinated debt. Shares are still speculative and net worth negative, so we would not be over optimistic here.

MassMutual Mtg. moves from No. 2 to No. 1 based on potential to move back to book value of about \$19.43 from the current 13-7/8, about a 40% prospective gain while paying a solid dividend. This puts the shares on a par with Northwestern Mutual Life Mtg., also a recovery candidate in the insurance sponsored group.

Sutro Mtg. Inv. Trust goes from No. 3N to 2N (no regular dividend) because new commitments should permit regular dividends near-term; the trust paid a 10¢ special but likely cannot maintain that rate. Shares are 52% below book value.

Reduced rankings are given to four trusts which have had impressive moves recently. Trading volume has been relatively high in all four, indicating price gains from present levels may be more difficult to attain. The four:

Atlanta National RE moves from 2N to 3N (no dividend) because heavy buying by outsider groups has pushed prices up rapidly. In March, groups associated with Brent D. Baird bought 64,500 shares (about 5%) and in May a group of Lee Balter, Reed Rubin, et al reported owning 223,719 shares, or 17.8%. ATNAS shares are now up 142% for the year and while at 3-5/8 they are still 63% below the \$9.94 book, appear well ahead of themselves. Baird's buying is something to watch: he was just elected trustee of KMC Mtg. after he and his family bought 102,600 shares, or 9.3%. He's general partner of Trubee, Collins & Co., NYSE member firm of Buffalo, and also headed the bondholders committee which recommended Ch. XI for Dominion Mtg.

General Growth Properties moves down from No. 1 to No. 2. One of our first No. 1s, GGP shares languished for many months but have recently moved to new 1977 highs on good volume. Dividend yield is now a low 5.5% and even with tax benefits and prospective increases, won't sustain substantially higher prices.

Gould Investors drops to 4 from 3 because strong buying in this generally inactive stock has pushed prices over book value. Restoration of dividends after a new bank agreement was signed is key in the price move.

Investors Realty goes from 2N to 3N (no dividend) because strong buying also has moved prices up sharply. Dividends may be resumed in a year or so but the shares are best bought on dips now. Current price of 8-1/8 is only 23% below the \$10.55 book value.

Chase Manhattan Mtg. & Realty shares are not upgraded even though massive debt restructuring and asset swaps has restored positive book value of about 37¢, according to pro forma material filed with the S.E.C. The trust will soon begin an offer to exchange a new convertible debenture, maturing in 1997 and with interest we expect in the 10%-12% range, for any and all of \$84.7 million of three issues of old subordinated debentures. Holders would be asked to take principal amount of the new debentures approximating current market value (i.e., the 7½s of 1983 sell at 64 and holders would be asked to take about \$640 principal of new debentures for \$1,000 face amount of the old debentures). Conversion price hasn't been set but CMR's SEC filings use an estimated \$2.50 price; the trust says this is realistic, although final pricing hasn't been determined.

The joker for CMR current shareholders is that the exchange poses significant potential dilution, both from possible new shares upon conversion and issuance of warrants to banks equal to shares represented by debentures not exchanged. Under the estimated \$2.50 conversion price, this could add 19.2 million new shares vs. 4.9 million outstanding. There would be book value but probably not much over \$4 per share at the highest. Thus CMR shares are viewed as unexciting.

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of relative attractiveness of current share purchases. All Trusts are ranked from 1 to 5 based upon dividend and capital preservation outlook. Non-dividend paying trusts are designated with an "N" beside their ranking. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by ↑ UP ↓ DOWN. Relative Appeal Rankings mean:

- 1--Highest appeal with lowest market risk; Dividend outlook stable to up, or may be resumed shortly.
- 2--Above average appeal, somewhat higher market risk; Dividend may vary quarterly or be resumed in 1-2 years.
- 3--Average appeal and market risk; Dividend fluctuates or resumption possible longer term.
- 4--Below average appeal, high market risk; Dividend cuts or omissions possible.
- 5--Least appeal; Dividends in peril or not foreseen; Serious problems: SEC trading halt; no auditor's opinion; serious debt defaults; Chapter XI; negative equity; banks calling loans.

NON-DIVIDEND paying trusts are not recommended for income investors, but may have special trading appeal as speculations upon quick price moves based on dividend resumption, trust recovery, money market rates or other news.

Portfolio shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.

Financing shows: leverage ratio of all debt to shareholder equity (over 20-to-1 ratio shown as "high leverage"; current financing arrangements.

Results compare latest quarter earnings and dividends with previous quarter. Share amounts are shown unless indicated as million dollars (M). EPS=earnings per share; CFS=net cash flow per share. Data, rankings and advice reviewed bimonthly.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

3N-AMER CENTURY (4/15/4-ST mtg.-June FY) Port.: \$128M, 71% nonearning; 59% foreclosed; Mix: 17% condos, 19% land, 37% office & hotel, 12% apts. Financing: 6.3 leverage; \$83M credit at 5% minimum interest, ending 10/1/78, + contingent int. for 10 yrs.; Swapped \$18M loans. Results: Mar. Q d18c after 33c swap gain & 22c loss prov. v. d12c. Bonds: Speculative yield. Shares: Trading

4N-AMER FLETCHER (4/15/4-ST mtg.-Jan FY) NON-QUAL REIT. Port.: \$84M, 93% nonearning & reduced rate; 67% foreclosed; Mix: 33% condos, 33% land & devel., 18% shop. ctrs. Financing: Neg. equity; \$56M credit to 7/31/77 at 2% inter. with contingent interest. Results: Apr. Q EPS d74c after 1c loss prov. v. d\$3.24. No auditor's opinion. Shares: Trading; ASE delisting possible.

4N-AMER REALTY (8/12/4-Eq&Mtg-Sep FY) Port.: \$42M, 4.5% nonearning; Mix: 16% mortgages, 72% equity, 12% foreclosed; 40% hotels/motels, 29% land. Washington, D.C. area. Financing: 5.2 leverage; \$15.5M notes secured by assets; paid late debent. int.; bank sued for repayment; no auditor's opinion. Results: Mar. Q EPS d19c v. 9c after 29c bad debt recovery. Bonds & shares: Trading; ASE suspended

4 -API TRUST (No review-Equity-Mar FY) Port.: \$53M, 6% nonearning; 70% in 26 shopping centers, most net leased, & 23% in mtgs. Financing: 3.4 leverage; 50% by mortgages on property, 50% by short-term loans. Results: Dec. Q EPS 5c v. 21c; CFS 8c v. 31c; Mar. Div. 10c unch. Shares: Lee Nat'l may offer preferred for shares

4N-ATICO MTG. (11/11/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$144M, 93% nonearning, 47% foreclosed; Mix: 59% condos, 17% land & devel., 24% apts.; 90% Fla. Financing: 5.8 leverage; Renegotiating \$78M credit at 1 1/2% cash inter. expired 3/77. Results: Apr. Q EPS d34c after 19c gain v. d37c after 32c gain. Bonds: Risky yield. Shares: Trading, play on Fla. condo recovery

3N-ATLANTA NATL (4/8/7-LT mtg.-Aug FY) NON-QUAL REIT. Port.: \$33M, 65% nonearning; Mix: 16% medical, 27% condo, 25% apts. Financing: 1.1 leverage; \$13.6M credit at 132% of prime, assets pledged; Missed part of recent principal payments; Seeking debt extension. Results: May Q EPS d50c v. d30c after 24c loss prov. Shares: Speculation on condo recovery

4 -BAIRD & WARNER(2/11/7-ST mtg.-July FY) Port.: \$39M, 32% nonearning; 32% industrial, 17% condos, 15% apartments. Financing: 1.2 leverage; Bank lines cut \$15M to \$32M (\$7M borrowed). Dividends: Paid last of four 24c qtrly. from FY'76 income; FY'77 div. decision after July. Results: Apr. Q EPS d6c after 5c gain v. 3c. Converts: Speculative yield. Shares: L/T recovery; div cut possible

2 -BANKAMERICA RLTY(4/8/7-Eq.&Mtg.-July FY) Port.: \$221M, 30% nonearning; Mix: 49% equity: 27% apts., 20% shop. ctrs., 20% office, 14% hotel. Making new commitments. Financing: 3.0 leverage; \$60M comm. paper, \$28M bank notes, \$28M secured mtgs. Results: Apr. Q EPS 12c after 2c gain & 16c loss prov. v. 55c; Div. 13c unchgd. Sponsor buying 25T shs. Converts: For yield. Shares: Buy for recovery

3N-BARNES MTG (12/9/4-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: \$97M, 80% nonearn; 40% foreclosed; Mix: 49% condo, 24% land; 28% Puerto Rico, 44% Fla. Financing: 2.8 leverage; \$65M bank lines at 125% of prime, expired 7/31/76; Negotiating new credit. Results: Mar. Q EPS d25c after 18c gain v. d31c. Shares: Speculative, very long-term recovery

5N-BARNETT MTG (3/12/6-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$151M, 93% nonearning; Mix: 23% condos, 26% apts., 22% land. Financing: \$17M neg. equity; \$83M credit at 1 1/2; Condit. agree.: 53% asset pledge, forgive 50% contin. int., permit sub. debt restruct. Deben. inter. unpaid since 9/76. Results: Mar. Q EPS d78c v. d\$1.56 Bonds: In default; Restructure speculation. Shares: Avoid

4N-BARNETT-WINSTON(8/12/4-Inter. mtg.-Sep FY) NON-QUAL REIT. Port.: \$94M, 86% non- & low earn, 66% foreclosed; Mix: 38% apts., 31% land & devel., 11% condos. Financing: \$0.5M neg. equity; \$31M credit to 6/77 at prime + 8-yr. contingent; debent. int. unpaid since Dec'76. Results: Mar. Q EPS d55c after 20c gain v. d67c after 5c gain. Bonds: In default; Restructure speculation. Shares: Avoid

2N-BAY COLONY PROP(4/9/6-Subor. land-May FY) NON-QUAL REIT FY'78. Self-admin. Port.: \$240M, 67% non- & low earning; 55% foreclosed; 27% undevel. land, 73% completed props.; 16% office, 30% apts. Financing: 8.4 leverage; \$95M bank debt at 5% + cont. int. Results: Feb. Q d42c after 32c gain v. 60c after 75c adjustments & 14c gains. Selling some major problems. Bonds: Risky yield. Shares: Trading.

3N-BENEF STD MTG(12/9/4-ST mtg.-July FY) NON-QUAL REIT. Port.: \$63M, 74% nonearn; 50% foreclosed; Mix: 30% land & devel., 19% condos, 12% motels. Financing: High leverage; \$35.1M revolver to 12/78 at 125% prime, with possible 4% forgiveness. Results: Apr. Q EPS d50c v. d18c. Converts: Speculative yield. Shares: Trading

4N-BRT REALTY TR(12/10/3-Eq&Mtg-Nov FY) Port.: \$27M, 75% nonearning; Mix: 42% hotel/motel, 18% condos, 16% land & devel. Financing: 2.2 leverage; \$14.7M at 125% of prime to 9/16/77. Results: Feb. Q EPS d9c v. d22c. Shares: Long recovery

3N-BT MTG INVESTORS (2/13/6-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: \$152M, 68% nonearning, 29% foreclosed; Mix: 31% apts., 14% land, 10% nursing homes. Financing: \$5M neg. equity; \$114M credit at 4% minimum, to 9/77, with contingent int.; Sponsor Bankers Trust N.Y. lends 55% of credit. Results: Mar. Q EPS d21c v. nil. Bonds: Speculative yield. Shares: Speculation on sponsor aid.

5N-BUILDERS INV(6/10/4-ST mtg.-Sep FY) NON-QUAL REIT. Self-admin. Port.: \$336M, 92% nonearn; 51% foreclosed; 30% condos, 22% land & devel. Financing: \$8M neg. equity; \$268M debt restructured at 1 1/2 inter. to 9/77, higher after, with asset pledge & contingent inter. Swapped assets. Results: Mar. Q EPS d\$4.37 after 53c credit v. \$6.10 after \$9.14 credit. Shares: Avoid

3N-CAMERON-BROWN (10/14/4-ST mtg.-Dec yr) NON-QUAL REIT. Port.: \$145M, 83% nonearn & low-earn; 66% foreclosed; 35% apts., 25% land & develop., 13% condos. Financing: 6.5 leverage; \$106.1M credit at 3% min. int. to 12/31/78 plus accrual to lessor of 9% or prime. Results: Mar. Q EPS d62c v. d95c. Shares: Trading or long term speculation; Insider buying.

4N-CAPITAL MTG(6/10/4-ST mtg.-Dec. FY) NON-QUAL REIT. Port.: \$119M, 71% nonearn, 45% foreclosed; Mix: 32% land, 20% condos; 55% Md. & Vir. Financing: High leverage; \$80M credit at 2% extended to 8/15/77 for renegotiation. \$38M swapped. Preferred authorized. Results: Mar. Q EPS d79c after 64c gain v. d78c. Converts: Spec. yield. Shares: Trading only

RELATIVE APPEAL RANKING - Continued from page 3

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 2N-CENTRAL MTG (12/9/4-ST mtg.-Mar FY) Port.: \$32M, 40% nonearn; 30% foreclosed; 31% land, 31% apts., 20% comcl. & indust. Financing: 2.0 leverage; \$21½M credit with banks, at 117% of prime; Nego. for new borrowing. Results: Mar. Q EPS d36¢ after 42¢ loss prov. v. d41¢ after 36¢ loss prov. Shares: Buy/hold for long-term recovery & potential benefits of new investments.
- 4N-CHASE MANHATTAN MTG(3/12/6-ST mtg.-May FY) NON-REIT PWR. Port.: Approx. \$419M, 96% nonearn; Reorganizing as realty owner-operator, to acquire Palmas del Mar in Puerto Rico. Financing: Proforma \$1.8M equity; bank debt now \$167M; Agreed on \$175M bank loan to 12/31/81 at 6% inter.; Completing \$226M swaps. Results: Feb. Q EPS d\$1.34 after 28¢ gain v. 82¢ after 88¢ gain; Expect about \$13.18 swap & restructuring gain in May Q. Bonds: Hold; Offer to exchange sub. debt for new convertible expected in July. Shares: Very speculative trading, large potential dilution.
- 4N-CI MTG GROUP (6/10/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$288M, 94% nonearn., 38% foreclosed; Mix: 45% apts., 15% office, 14% land, 13% condos. Financing: \$1.4M Neg. equity; \$235M credit at 2% cash interest (but accrued at 3 3/4%), increasing to 6% at maturity 6/30/80; June 30 prin. payment missed & negotiating; all assets pledged. Results: Apr. Q EPS d31¢ v. 23¢ after 13¢ tax benefit & 36¢ gain. Shares: Trading only
- 2N-CI REALTY INV (10/8/6-Equity-Feb FY) NON-QUAL REIT. Port.: \$119M, 11% nonearn, 8% foreclosed; Mix: 86% ownership, 6% mtgs.: 43% apts., 38% NYC office. Financing: 2.4 leverage; \$75M debt is \$61M mtgs. on property, \$12M bank credit to 11/30/77 at 130% of prime. Sold apts. to repay banks. Results: Feb. Q EPS 37¢ after 51¢ gain & 4¢ tax benefit v. d6¢ after 3¢ gain; CFS 2¢ v. 9¢. FY'78 expected down. Shares: L/T recovery; buyout
- 3N-CITINATIONAL DEV (No review-ST mtg.-Mar FY) Port.: \$15M, 82% nonearning; Mix: 30½% office, 28% 1-family. Financing: 0.6 leverage; \$3M debt to parent bank. Results: Mar. FY EPS d15¢. Shares: Limited interest
- 5N-CITIZENS & SO RLTY(3/12/6-ST mtg.-Sep FY) NON-QUAL REIT. Port.: \$356M, 85% nonearn; 56% foreclosed; Mix: 22% condos, 18% land, 22% apts.; 37% Ca., 23% Fla. Financing: \$22M neg. equity; \$247M credit at 1% cash inter. to 9/78, + contin. inter. to 1985. Missed 4/77 debent. int. Prel. plan tender debent. under 35. Results: Mar. Q EPS \$1.06 after \$3.55 gain v. \$1.57. Bonds: Tender spec. Shares: Trade
- 4N-CITIZENS GROWTH (8/12/4-Equity-Jan FY) Port.: \$32M, 21% nonearn; Mix: 24% office, 23% motels, 21% improved land. Financing: 3.5 leverage; \$9M credit at 6% with contingent inter. & assets pledged; interest default and talking with banks. Results: Oct. Q EPS d\$2.11 after 87¢ gain & \$2.59 loss prov. v. d64¢ after 12¢ loss prov. & 4¢ loss. Shares: Avoid for now
- 4N-CITIZENS MIT (2/13/6-ST mtg-Dec FY) NON-QUAL REIT. Port.: \$77M, 76% nonearn; 63% foreclosed; Mix: 35% land & devel., 20% condos, 21% apts. Financing: \$17M neg. equity; \$60M term loan expired 10/76; Proposes swapping most assets for bank debt & tender 40 for notes. Subor. notes inter. missed 10/15/76. Results: Mar. Q EPS d\$1.11 v. d82¢. Bonds: In default; Tender at 40 proposed. Shares: Restructuring speculation; Potential dilution.
- 2N-CLEVETRUST RLTY (2/11/7-LT mtg.-Sep FY) NON-QUAL REIT. Port.: \$105M, 49% non & 15% low earn; 50% foreclosed; Mix: 66% equity incl. foreclosed. 27% apts., 27% comcl., 18% land, 17% office. Financing: 2.6 leverage; \$63.8M two-yr credit at prime but not over 7½%; contingent inter. for 4-6 years. Results: Mar. Q EPS d14¢ v. d18¢. Shares: Hold for long-term recovery
- 4N-COLWELL MTG(2/13/6-ST mtg.-Dec FY) Port.: \$171M, 49% non- & low earn, 38% foreclosed; 38% apts., 14% hotel/motel, 14% shop. ctrs. Financing: \$2M neg. equity; Default on \$109M credit at 2% cash inter. + cash flow + contingent inter; Missed 3/77 debent. inter. Results: Mar. Q EPS nil v. d\$2.71. Bonds: In default; High risk buy. Shares: Avoid pending credit progress.
- 2 -CONN GEN M&R(7/9/6-LT mtg.-Mar FY) Port.: \$330M, 6% nonearn, 6% low; 9% foreclosed; 37% regional shop. ctrs., 31% residential, 15% indust., 13% office. Financing: 2.0 leverage; \$222M debt is 8% comm. paper, 7% ST bank loans, 34% LT loans, 16% mtgs., 35% converts. Results: Mar. Q EPS 34¢ v. 32¢; CFS 43¢ v. 40¢. Div 40¢ unch.; Converts: Low, safe yield. Shares: Hold long term.
- 4 -CONSOL CAP RL (5/14/6-Equity-Nov FY) Port.: \$142M, 0 nonearning; 78% apts. with 8,712 units, 18% shop. ctrs.; 58% Texas. Financing: 2.4 leverage, \$94M secured mtgs. Results: Feb. Q EPS d24¢ v. d18¢; CFS 29¢ v. 32¢. Div: June monthly 16.84¢ unchanged & about 88% taxfree capital return due low mtg. amortization. Shares: Speculative income, over book
- 3 -CONT ILL PROP (1/16/6-Equity-Oct FY) Port.: \$177M, 1% foreclosed & nonearning; Mix: 57% apts., 35% shop. ctrs. Financing: 0.9 leverage; \$29M bank lines and \$83M mortgages on property. Results: Apr. Q EPS 16¢ v. 20¢ after 7¢ gain; CFS 30¢ v. 22¢ before gain; Div 32¢ unch. Shares: Limited near-term upside; Yield longer term.
- 4N-CONT ILL RLTY (2/13/6-ST mtg.-Mar FY) CAN END REIT Port.: \$262M, 33% low & 46% nonearn; 22% foreclosed; Mix: 23% condos, 18% apts., 24% land. Financing: High leverage; New credit \$180M at 1% minimum inter. + contin. inter. @ 130% prime, to 4/30/78; swap program. Results: Mar. Q EPS d8¢ v. d14¢. Bonds: Tender/swapout speculation. Shares: Trading or very long-term recovery
- 5N-CONTINENTAL MTG(11/11/4-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$605M, 91% problem; 29% foreclosed; 27% condos, 22% recreation, 18% land. Financing: \$72M neg. equity; Filed Ch. XI 3/8/76 & liquidation ordered but stayed by Chapter X filing 10/22/76. Results: Dec. Q EPS 85¢ after 93¢ loss prov. recovery v. d6¢. Bonds & shares: Avoid, protracted litigation.
- 4N-COUSINS MTG&EQ (3/12/6-LT mtg.-Aug FY) NON-QUAL REIT. Self-admin. Port.: \$214M, 65% nonearn; Mix: 18% apts., 39% land/devel., 18% hotel/motel. \$122M swapped. Financing: High leverage; \$136M credit at 4% inter., plus contingent inter. thru 1986; Credit matures 12/31/77; Results: May Q EPS d28¢ v. d27¢ after 20¢ gain & 56¢ loss prov. Bonds & shares: Trading
- 3 -DENVER REIA(1/13/5-Equity-Dec FY) Port: \$46M, 27% low earning office park; Mix, by revenues: 15% apts., 22% shop. ctrs., 14% motel, 44% off. & comm., 5% mtgs.; most Colo. Financing: 4.1 leverage; \$28M property mortgages, \$5M debentures. Results: Mar. Q EPS d9¢ v. 8¢; CFS nil v. 13¢ due overage rent swings. June div. 15¢ unch.; '76 div 35% tax-free. Shares: Hold for income
- 5N-DIVERSIFD MI(8/12/4-Inter. mtg.-Dec FY) NON-QUAL REIT, Self-adm. Port: \$278M, 69% nonearn, 31% foreclosed; Mix: 44% secondary homesites, 7% primary homesites, 22% raw land, 26% prop. Financing: 3.8 leverage; \$230M loan agree. to 3/31/80 at 7½% plus contingent int. to 130% prime. Results: Mar. Q EPS d39¢ after 11¢ credit v. d\$1.06 after 70¢ gain. Shares: Avoid; Insider bought
- 5N-DOMINION M&R(No review-ST mtg.-May FY) NON-QUAL REIT. Port: \$41M, 94% nonearn, 87% foreclosed; Mix: 45% condos (mostly Fla.), 17% motels, 14% apts., 8% shop. ctrs., 16% other. Financing: \$5M neg. equity; Chapter XI filed 6/28/77; Results: Feb. Q EPS d\$1.63 v. d\$1.39 after 7¢ gain & 19¢ loss prov. Bonds & shares: Avoid
- 2 -EQUIT LF MTG(7/9/6-LT mtg.-Oct. FY) Port: \$399M, 8% nonearning; 37% LT mtgs., 51% const. & devel.; Mix: 31% shop. ctrs., 20% tracts & land, 11% office. Financing: 2.0 leverage; \$263M debt is 59% comm. paper, 24% notes, 14% master notes, 2% conv. Results: Apr. Q EPS 59¢ v. 59¢; Div. 55¢ v. 55¢ + 4¢ yr-end. Shares & bonds: Buy for yield plus modest growth
- 2 -FEDERAL RLTY(4/9/6-Equity-Dec. FY) Self-administered, Port: \$25M, No nonearning; Cash flow 20% apartments, 80% shopping centers; Wash., D.C. area. Financing: 1.0 leverage; \$13.2M debt, all secured mtgs.; Results: Mar. Q EPS 30¢ v. 33¢ year ago; June div. 31¢ unch. Shares: Buy/hold income and modest growth
- 4N-FIDELCO GROW(5/9/5-LT mtg.-Nov. FY) NON-QUAL REIT. Port: \$135M, 72% nonearning; Mix: 25% land (developed & raw), 33% condos, 14% apts., 7% hotels; 30% Penn., 25% Fla.; Financing: 6.1 leverage, \$99M debt renegotiation hinges on major swap. Results: Feb. Q EPS d\$1.52 after 54¢ loss prov. v. d\$2.68. Shares: Avoid
- 5N-FIDELITY MI(No review-ST mtg.-Oct. FY) NON-QUAL REIT; Self-adm.; Chap. XI Jan. 1975. Port: \$195M, 89% nonearn, 54% foreclosed. Mix: 44% commercial, 32% residential, 24% land; 21% Fla., 16% Cal. Financing: \$57M Neg. equity; \$133M bank debt; Preliminary agreement to repay debt at 60%. Results: Oct. FY d\$2.49; Oct. Q EPS d\$1.32 after \$1.07 loss prov. v. 8¢. Shares: Avoid
- 4N-FIRST COMMERCE(12/9/4-ST mtg. Dec. FY) CAN END REIT. Port: \$37M, 85% nonearn; 68% foreclosed; Mix: 34% land, 31% condos & singles; 60% La., 40% other South. Financing: 1.5 leverage; \$20M credit at 117% prime plus ½% of unused to 7/31/77. Results: Mar. Q EPS d43¢ v. d\$1.34 after \$1.19 loss prov. Shares: Avoid till progress shown

RELATIVE APPEAL RANKING - Continued from page 4

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

2 -FIRST CONTNL(2/11/7-ST mtg. Feb FY) Port: \$41M, 12% nonearn, 7% foreclosed; Mix: 43% constr. loans, 42% development, 14% land; 88% Tex. Financing: 1.1 leverage; \$32M credit @ ½ over prime, 10% + 10% to 7/77; must pledge assets equal to debt if demanded. Results: May Q EPS 22¢ v. 21¢; div 22¢ unchanged. Making new commitments. Shares: Speculative income and recovery

4N-FIRST DENVR MI(10/14/4-ST mtg. Sep FY) NON-QUAL REIT. Port: \$114M, 80% nonearning; 45% foreclosed; Mix: 17% land, 16% condos-secondary, 18% condos-primary, 11% motels. Financing: High leverage; assets pledged; \$103M credit to 6/30/77, 2% inter. or cash flow + contingent inter. to 125% base rate. Results: Mar. Q EPS d27¢ v. d19¢ with no loss prov. Shares: Trading, recovery speculation.

3 -FIRST FIDELITY(No review-Equity-Nov FY) Port: \$31M, 15% nonearning; Mix: 53% shop. ctrs., 33% office; Financing: 2.3 leverage; \$20M secured mtgs. Results: Feb. Q EPS d9¢ v. 4¢; Div. three 7¢ specials. Shares: Speculative recovery/buyout

4N-FIRST MEMPHIS(9/9/4-LT mtg. Nov FY) NON-QUAL REIT. Port: \$78M, 51% nonearning; Mix: 10% land, 16% condos & singles, 17% offices, 10% industrial, 13% hotels, 27% apts. Financing: 8.6 leverage; \$52M credit at 6% to 11/30/78, asset swap planned; Results: Feb. Q EPS d27¢ v. d\$2.37. Shares: Speculative till workout progresses

5N-FIRST MTG IN(6/10/4-ST mtg. Jan FY) NON-QUAL REIT. Self-admin. Port: \$519M, 79% nonearn; 54% foreclosed; Mix: 34% hotel/motel, 22% apts., 16% land, 10% condos; Financing: \$58M Neg. equity; Credit expired 2/77, seek renewal; May offer 50% or 5 yr. payout for 8½% debts. due 7/1/77. Results: Jan. Q EPS d\$1.44 v. 35¢ after \$1.43 gain & \$1.09 loss prov. Bonds: For asset swaps. Shares: Avoid

3N-FIRST NEWPORT RL(2/13/6-Inter. mtg.-Oct FY) CAN END REIT. Self-admin. Port.: \$230M, 77% nonearning; Mix: 33% condos, 16% apts., 15% land. Financing: High leverage; \$172M credit at 1% minimum inter., to 10/77 initially, with conting. inter., asset pledge; Results: Apr. Q EPS \$3.30 after \$4.89 gain v. \$14.90 after \$16.02 gain. Bonds: Hold. Shares: Trading play on swaps.

3N-FIRST PENN MT(10/14/4-ST mtg. Jul FY) NON-QUAL REIT. Port: \$180M, 80% nonearn, 60% foreclosed; Mix: 29% condos, 32% comcl. & indust., 11% singles, 18% land; 24% Fla. Financing: 6.2 leverage, Interim accord \$113M credit at 3% min. cash + accrual at prime; Negotiating new credit pact. Results: Apr. Q EPS d\$1.37 v. d79¢. Converts: Speculative yield. Shares: Trading

2 -FIRST UNION(4/22/7-Equity Oct FY) Port: \$167M, 10% low earning; Mix: 70% major office, 25% shop. ctrs., 5% motor inns; internally managed. Financing: 2.8 leverage; \$129M debt: 77% secured mtg., 11% short, 12% conv.; Sold \$10M preferred + \$25M debt. Results: Apr. Q EPS 24¢ v. 20¢; CFS 35¢ v. 29¢; July div. 25¢ unch. Shares & Bonds: Buy for quality income

4N-FIRST VIRGINIA(8/12/4-Inter. mtg.-Jun FY) CAN END REIT. Self-admin. Port: \$90M, 46% non- & 12% low-earn; 54% foreclosed. Mix: (Problems) 38% condos, 21% land; 37% Va., 30% Fla. Financing: High lev.; \$52M credit to 12/79 at 4% + accrual 125% prime; 74% of 8% notes accepted new 4% notes. Pledged assets. Results: Mar. Q EPS d69¢ after 23¢ loss prov. v. d51¢; \$2.15 gain on exchange in June. Bonds: Inter. paid. Shares: Risky recovery.

5N-FIRST WISCONSIN MT(No review-ST mtg.-Dec FY) NON-QUAL REIT. Port: \$170M, 97% nonearn, 66% foreclosed; Mix: 24% condos, 33% apts., 26% land; 43% southeast, 29% midwest; Financing: 12.3 leverage, \$126M bank debt @ 1% to 5/80. Results: Mar. Q EPS nil v. 80¢ after 54¢ tax credit & \$1.10 gain. Reorgan. plan to give shares in lieu of cash int., 65% approval short of 67%. Shares: High risk, long recovery

2N-FLATLEY RLTY(11/26/6-Eq&Mtg.-June FY) Self-admin. Port: \$20M, 39% nonearn; 39% foreclosed; Mix: 35% apts., 47% shop. ctrs.; 91% Mass. Holdings: 97% equity, 3% loans. Financing: 2.0 leverage, \$14M debt is 86% secured mtgs. Results: Mar. Q EPS d3¢ v. 27¢, due to utility costs. Shares: Buy pending workout progress, recovery toward book value possible

2 -FLORIDA GULF(5/14/6-Equity-Apr FY) Port: \$32M, one vacancy caused by Grant liquidation; Mix: 93% shop. ctrs. (strip) 7% offices; 92% Florida. Financing: 1.2 leverage; \$17M debt all secured mtgs. Results: Apr. Q EPS 17¢ v. 11¢ in '76; CFS 35¢ v. 32¢ in Jan. Q; div. 32¢ unch., 55% tax-free; One vacant Grant leased Mar.'77. Shares: Buy for yield; limited growth

3N-FRANKLIN RLTY(12/10/6-Eq&Mtg.-Jun FY) NON-QUAL REIT, mgmt. services. Port: \$35M, some vacancies; Mix: 86% equity, 14% mtgs. Equities: 13 offices midwest & Fla., 5 apts., 2 motels, 1 land tract. Financing: 3.8 leverage; \$28M debt: 59% secured, 23% short, 18% conv. Results: Mar. Q EPS d10¢ v. d5¢. Converts: Hold. Shares: Buyout

3 -FRASER MTG(11/26/6-ST mtg.-May FY) Port: \$51M, 12% problems; Mix: 15% constr., 17% land, 20% completed projects, 38% long-term; 31% Ohio, 25% Fla. Financing: 2.4 leverage; \$40M debt short term; Results: Feb. Q EPS 24¢ v. 24¢ after 7¢ loss prov.; May div. 25¢ unch. Shares: Hold for recovery

2 -GENERAL GROW(5/14/6-Equity-Sep FY) Port: \$250M, 0 problems; Mix: 74% shop. ctrs. (major Midwestern malls), 18% apts., 8% motels; \$18M apts. sold. Financing: 5.3 leverage; \$211M debt: 85% secured mtgs.; Sold \$24M 9 1/8% 20-yr notes 4/77. Results: Mar. Q EPS 33¢ after 5¢ gain v. 28¢; CFS 36¢ before 5¢ gain v. 36¢; June Div. 35¢ unch., over 50% tax-free. Shares: Buy on dips, unique devel. ability

4 -GOULD INVST(3/10/5-Equity-Sep FY) Port: \$43M, 5% nonearning; Holdings: 83% equity. Properties: NYC office (19% of port.), 6 apts., 13 strip shop. ctrs., 8 restaurants, 5 offices. Financing: 4.7 leverage; 87% secured mtgs. Results: Mar. Q CFS 10¢ before 18¢ gain v. 20¢ + 11¢ gain; EPS 12¢ before 18¢ gain v. 8¢ before 11¢ gain & 4¢ credit. Div. 12½¢ v. 10¢. Shares: Speculative income hold

3 -GREIT RLTY(8/8/5-Equity-Oct FY) Port: \$37M, 2% nonearning; Mix: 60% shop. ctrs., 30% offices & urban stores, 8% apts., 2% mtgs. Financing: 2.3 leverage; \$26M debt, secured mtgs. Results: Apr. Q EPS 11¢ v. 15¢; Jan. CFS 25¢ v. 19¢; July div. 10¢ unch.; Est. under 50¢ EPS in 1977 FY. Shares: Speculative income

5N-GRT AMER M&I(3/11/4-ST mtg- Jul FY) NON-QUAL REIT. Self-admin. Port: \$338M, 94% nonearning; Mix: 81% foreclosed. 41% apts., 15% condos, 20% land. Financing: Filed Chap. XI 3/77; Proposed plan: secure assets for sr. creditors + equity for cash inter.; debent. exch. \$58M neg. equity. Results: Jan. Q EPS d20¢ after 55¢ gain & 60¢ loss prov. v. 44¢ after \$1.51 swap gain. Shares: Avoid Bonds: Avoid

5N-GUARDIAN MI(3/12/6-ST mtg.-Feb FY) NON-QUAL REIT. Self-admin. Port.: \$291M, 77% nonearn, 43% foreclosed; Mix: 38% land, 20% condos, 11% singles, 14% hotel/motel. Financing: \$33M Neg. equity; \$232M credit repayment missed; \$122M swapped; seeks extension. Notes & bond int. missed. Results: Feb. Q EPS d\$1.46 after \$1.46 gain v. \$1.48 after \$3.91 gain & \$1.53 loss prov. Bonds: June 1 inter. default; Tender candidate. Shares: Trading

3N-GMR PROP (formerly GULF) (2/13/6-LT mtg.-Feb FY) NON-QUAL REIT. Port.: \$115M, 69% nonearning; Mix: 29% apts., 24% land, 16% motels, 10% offices; 76% Southeast. Financing: 9.2 leverage; \$66M credit to 7/17/78 at 4%; + conting. inter. to 125% prime for 5 yrs. Results: May Q EPS d48¢ after 23¢ loss prov. v. d\$1.23 after \$1.08 loss prov. Bonds: Hold for now. Shares: Recovery speculation.

4N-HAMILTON INV(11/12/3-ST mtg.-Dec FY) NON-QUAL REIT. Self-admin. Port: \$107M, 47% nonearn, 13% part; Mix: 51% apts., 13% condos, 14% offices, 9% shop. ctrs., 13% land; 27% Okla., 20% Fla. Financing: 6.2 leverage; \$72M credit @ 3½% or net income w/contingent inter. to 130% prime, forgiven 8/86. Active swaps. Results: Mar. Q EPS d18¢ v. d33¢ after 45¢ gain & 69¢ loss prov. Shares: Recovery speculation.

3N-HANOVER SQ RL(12/10/6-ST mtg.-Aug FY) Port: \$37M, 19% nonearn, 33% low-earn; Mix: 63% residential, 23% shop. ctrs., 5% offices, 9% land; 29% NY, 18% Fla., 17% No. Car. Financing: 2.3 leverage, \$30M credit @ 124% prime. Results: Feb. Q EPS 2¢ after 22¢ int. recovery v. d17¢ after 19¢ recovery. Converts: Speculative income buy. Shares: Buy/hold for recovery

3N-HEITMAN MTG(11/11/4-ST mtg.-Dec FY) Port.: \$167M, 67% non- & low-earn; Mix: 26% shop. ctrs., 23% condos, 18% offices, 10% apts., 12% land; 27% Ill., 13% other Midwest, 20% Cal. Financing: 12.3 leverage; \$105M credit to 4/78 @ 4% w/conting. interest; \$50M swap. Results: Mar. Q EPS d1¢ after 3¢ loss prov. v. d61¢. Converts: High risk hold. Shares: Recovery speculation.

RELATIVE APPEAL RANKINGS - Continued from page 5

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 4N-HNC MTG&RLTY(4/15/4-LT mtg.-Oct FY) NON-REIT. Port.: \$103M, 76% nonearning; 47% foreclosed; Mix: 23% condos, 18% land, 11% apts., 13% offices, 11% hotels, 11% entertainment ctr.; Financing: 7.4 leverage, \$65M credit to 2/78 at 5% with contingent inter. Results: Apr. Q EPS 8c after 71c gain & 46c loss prov. v. d16c. To swap up to 60%, bids for \$13M. Converts: Possible tender. Shares: High risk
- ↑ 2 -HOSPITAL MTG(10/8/6-LT mtg.-Feb FY) Port.: \$35M, 50% nonearning; Mix: 34% medical, 24% land, 19% apts., 17% condos; 2/3 Fla. Financing: 0.3 leverage; \$9M bank debt. Results: May Q EPS 11c v. 4c; Div 15c unch. Shares: Trading, long recovery.
- 3 -HOTEL INVESTOR(2/25/7-Eq&Mtg.-Aug FY) Self-adm. Port.: \$81M, 8% nonearn; 4% foreclosed; 53% equity/47% LT mtgs.; Mix: All hotels/motels nationally located; comcl. business travel oriented. Financing: 2.1 leverage; \$57M debt: 31% secured mtg., 40% long-term; New debt agree. permits higher payout. Results: May Q EPS 32c v. 28c; CFS 48c v. 42c; div. 40c v. 30c. Shares & Bonds: Buy/hold speculative income
- 2 -HUBBARD REI(4/9/6-Equity-Oct FY) Port.: \$80M, 17% nonearning due to Grant vacancies. Mix: All net leased shop. ctrs. & stores except one office; Lessees: 20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: Apr. Q EPS 35c v. 35c; Div. 30c unch.; 5 of 11 Grant stores re-leased, six still vacant. Shares: Buy for dividend prospects.
- ↑ 2N-ICM REALTY(6/25/6-Subor. land-Nov FY) Port.: \$102M, 61% non- & low-earn; 33% foreclosed; Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 38% land purch.-leasebacks; Financing: 1.1 leverage; \$47M debt: 49% secured mtgs., \$24M credit to 2/79 at 120% prime + 15% bal. Results: May Q EPS 10c v. 22c after 11c gain. Shares: Speculation long term recovery
- ↑ 4N-IDS REALTY TR(6/10/4-ST mtg.-Jan FY) NON-QUAL REIT. Port.: \$271M, 64% nonearning; Mix: 33% shop. ctrs., 28% land, 5% condos. Financing: \$38M Neg. equity; Sponsor lending \$25M to settle \$68M bank debt at 20% discount. Results: Apr. Q EPS d14c after 42c loss prov. v. 43c. Bonds: Interest current; restructuring possible. Shares: High risk speculation.
- 5N-INDEPENDENCE MTG(No review-ST mtg.-Jun FY) NON-QUAL REIT. Port.: \$147M, 94% nonearning; Mix: 33% condos; Biggest states: Fla., Texas, Virginia, Ill., Ga. Financing: \$9M neg. equity; \$120M credit 1% w/conting. inter & 110% collateral, expired 5/31/77; accepted \$21M swaps. Results: Mar. Q EPS d8c v. d3c after 1c gain. Shares: Avoid
- 3N-INDIANA M&R(7/15/4-Eq&Mtg.-Jun FY) Port.: \$77M, 28% non-earn; Mix of \$45M Mtgs: 30% residential, 22% apts. & condos, 28% long term; of \$33M equities: 35% offices, 33% apts. Financing: 5.7 leverage; \$58M debt; \$43M credit to 9/78 @ 6% + 120% prime contingent. Results: Mar. Q EPS d6c v. d\$2.55 after \$2.40 loss prov.; CFS 5c v. d\$2.44. Shares: Hold, tender target
- 4N-INSTITUT INV(1/13/6-ST mtg.-Jan FY) NON-QUAL REIT. Self-admin. Port.: \$161M, 77% nonearning; Mix: 26% apts., 17% condos, 40% land; States: 18% Fla., 10% Cal., 9% Texas. Financing: 2.6 leverage; \$53M credit @ 1% w/conting. inter.; \$11M swap. Results: Apr. Q EPS d36c v. d\$1.13 after 69c loss prov. Bonds: Trading & speculative income. Shares: Trading; Insiders buying
- ↓ 3N-INVESTOR RLTY(4/8/7-Eq&Mtg.-Nov FY) NON-REIT POWER. Port.: \$58M, 25% low earn. Mix: 54% apts., 15% shop. ctrs.; type: 89% owned incl. foreclosures & leasebacks, 11% mtgs. Financing: 2.6 leverage; \$43M debt, 72% secured; \$17M credit to 3/78, seeking fewer restrictions. Results: Feb. Q EPS 3c after 3c gain v. d10c; CFS 15c before 3c gain v. 5c. New sponsor Shares: Long-term recovery
- 3 -JMB REALTY (4/8/7-Eq&Mtg.-Aug. FY) Port.: \$25M, 6% problem; Mix: 49% apts., 17% office, 17% shop. ctrs.; 53% wrap-around mtgs., 17% land leasebacks; Financing: 1.5 leverage; \$4M open lines from bank; Results: Feb. Q EPS 45c v. 41c before 37c gain; CFS 51c v. 47c before 37c gain; Div. 40c unchanged. Shares: Hold for speculative yield
- 5N-JUSTICE MTG (3/12/6-ST mtg.-Sep FY) CAN END REIT. Port.: \$67M, 98% nonearn; 36% foreclosed; Mix: 31% land, 19% condos; 55% Texas. Financing: Negative equity; \$41M credit to 4/77 @ 2% + contingent inter.; assets pledged, 2/1 sub. debt inter. missed & 25% of holders called debt. Results: Mar. Q EPS d\$1.59 before \$4.17 gain. Bonds: Avoid; in default and called. Shares: Avoid
- 4N-KMC MTG INV (5/14/3-ST mtg.-Nov FY) CAN END REIT. Port.: \$33M, 87% nonearning; 30% foreclosed; Mix: 23% apts., 25% land & develop.; 17% condo; 54% Kentucky. Financing: 9.3 leverage; \$18.5M credit to 5/1/78 at prime, 3% cash, balance deferred; Results: Nov. Q EPS d\$2.06 after \$1.60 loss prov. v. d26c. Shares: Limited speculative interest; Private investor bought 102,600 shares.
- 5N-LMI INVESTORS (2/13/6-ST mtg.-June FY) NON-QUAL REIT. Port.: \$135M, 67% non- & 24% low-earn; 48% foreclosed. Mix: 25% apts., 16% office, 13% shop. ctrs. Financing: High lev.; \$89.2M credit to 12/81 w/inter. accrued at prime payable at 2% or cash flow. 60% deb. tendered at 30; pledging assets. Results: Mar. Q EPS d32c after 30c gain v. \$4.81. Bonds: Risky yield. Shares: Avoid
- 4N-LINCOLN MTG (12/10/3-Eq&Mtg.-Mar FY) NON-QUAL REIT. Self-admin. Port.: \$32M, 77% non & low earn; 64% foreclosed; Mix: 74% apts, 11% one family & mobiles. Financing: 12.9 leverage; \$13.7M credit with banks 1/2 over prime, requiring asset sale over several years. Results: Mar. Q EPS d57c v. d10c after 55c gain & 26c loss prov. Bonds & shares: Avoid
- 2 -LOMAS & NETTLETON MTG (2/11/7-ST mtg.-June FY) Port.: \$237M, 29% nonearn; 25% foreclosed; Making new loans; Mix: 33% land acq. & devel., 50% Texas. Financing: 1.3 leverage; Borrows short & L/T from banks; \$35M term notes to 6/80 at 110% prime. Results: Mar. Q EPS d\$3.77 after \$4.05 loss prov. v. 21c after 8c loss prov.; Div. 29c v. 21c. Shares: Longer term recovery potential
- 3 -M&T MTG INV (2/11/7-ST mtg.-Aug FY) Port.: \$39M, 3% nonearn; 3% foreclosed; Making new loans; Mix: 66% const. & devel., 26% 1-family permanent; all Texas. Financing: 1.6 leverage; \$25M bank borrowings, all secured; sponsor provides compensating balances; \$10.8M unfunded commitments.; Results: May Q EPS 27c v. 26c after 5c loss prov. Div 26c unch. Shares: Buy for stable yield
- 2N-MARYLAND RLTY (4/8/7-ST mtg.-Nov FY) NON-QUAL REIT. Port.: \$20M, 32% non- & 8% low-earning; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga. Financing: 2.0 leverage; \$12.6M credit at prime to 11/77; Assets pledged. Results: May Q EPS 5c v. 3c. Shares: Recovery speculation
- ↑ 1 -MASSMUTUAL MTG (7/9/6-LT mtg.-Oct FY) Port.: \$196M, 12% non- & 5% low-earning; Mix: 35% shop. ctr. & retail, 27% apts.; 80% long-term mtgs. Financing: 1.2 leverage; \$35M borrowed under \$45M bank lines; \$71.5M subor. convert. debts. Results: Apr. Q. EPS 30c after 5c loss prov. v. 29c after 4c loss prov.; Div 30c v. 29c. Converts: Safe yield. Shares: Buy
- 4N-MIDLAND MTG (3/12/6-ST mtg.-June FY) CAN END REIT. Port.: \$89M, 68% non- & low-earning; Mix: 30% apts., 24% condo, 21% land. Financing: High leverage; \$80M credit to 9/78 with 3 1/2% cash interest & accrual at 125% of prime; Swapping assets. Results: Mar. Q EPS d\$1.15 before \$1.03 gain v. d49c. Bonds: Speculative yield. Shares: Trading interest
- 2 -MILLER HENRY S (6/10/7-Eq&Mtg.-Feb FY) Port.: \$28M, 13% nonearn; 10% foreclosed; Mix: 56% shop. ctrs owned, 23 1/2% land; Mostly Tex. Financing: 2.0 leverage incl. mtgs.; \$7.2M bank borrowings under \$12.7M credit at 1% over prime, to June 1, '77; \$13.3M mtgs. on prop. Results: May Q EPS 16c v. 2c, Div. 15c unch. Shares: Buy for LT recovery
- 4N-MISSION INV (11/12/3-ST mtg.-Nov FY) CAN END REIT. Self-adm. Port.: \$34M, 70% non & low earn; Mix: 36% land & devel., 26% residential, 39% commercial. Financing: 2.2 leverage; \$21M credit at prime (max 8 1/2%) to June '78, Assets pledged. Results: Feb. Q EPS d17c v. d30c. Shares: Trading/ very long recovery
- 2 -MONY MTG INV (7/9/6-LT mtg.-May FY) Port.: \$209M, 10% non- & 4% low-earn; 4% foreclosed; Mix: 37% office, 30% multifamily, 15% shop. ctrs.; 46% LT mtgs.; Making new commitments. Financing: 1.4 leverage; \$115M bank lines at prime; \$43M comcl. paper; Results: May Q EPS 23c after 6c gain v. 22c; Div. 23c unchanged. Convertibles: Safe yield. Shares: Hold for long-term

RELATIVE APPEAL RANKING - Continued from page 6

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 3 -MORTGAGE GROWTH (10/8/6-LT mtg.-Nov. FY) Port.: \$40M, 19% nonearning, 55% low-earning; Mix: 60% apts., 22% office; 33% Calif. Financing: 0.4 leverage; Debt is \$8.5M 7-3/4% subor. converts held privately & \$4M secured mtgs; Results: May Q EPS 5¢ v. 5¢ after 2¢ loss prov.; Gross cash flow 13¢; div. 12¢ unch. Slightly improving trend FY'77. Shares: Spec. buy/hold for long-term recovery
- 3N-MTG INV WASHINGTON (6/10/4-ST mtg.-Mar FY) Port.: \$103M, 52% nonearn; 28% foreclosed; Mix: 20% hotel/motel, 14% shop. ctr; 16% condo & townhouse; Financing: 5.5 leverage; \$53M at 11 1/2% of 1/4% over prime, extended to 9/30/77; No comp. balances. Results: Dec. Q EPS d35¢ after 13¢ loss prov. v. d32¢ after 39¢ LRP. Bonds: Risky yield. Shares: Trading, recovery potential
- 3N-MTG TRUST OF AMER (8/27/6-ST mtg.-Nov. FY) Port.: \$137M, 58% nonearning; Mix: 20% land & devel., 25% condos, 20% apts.; 17% Calif.; Financing: 1.7 leverage; \$91 1/2M credit lines at full-rate interest; trust suggesting 10% commitment cut to banks. Results: May Q EPS d17¢ v. d13¢. Shares: Buy/hold for recovery
- 5N-NATIONAL MTG (5/14/3--ST mtg.-Feb FY) CAN END REIT. Port.: \$60M, 74% non-, 11% low earning; Mix: 30% land, 18% commercial, 15% motels, 15% apts.; Financing: \$11T Neg. equity; \$29M secured credit; Chapter XI settlement confirmed & offering deb. holders cash, new notes & shares. Results: Nov. Q EPS d33¢ after 22¢ loss prov. v. d50¢ aft 32¢ LRP. No later results. Shares: Extreme risk
- 3 -NATIONWIDE RE (4/22/7-ST mtg.-Mar FY) Port.: \$46M, 37% non- & low-earning; Adding new loans. Mix: 20% medical, 19% condos, 12% one-family; 38% Ohio, 19% Indiana; Financing: Leverage 0.9; Reduced bank lines to \$39M; Results: Mar. Q EPS 3¢ v. 5¢. Div. 3¢ v. 4¢. Convertibles: High yield. Shares: Speculative long-term recovery
- 2 -NEW PLAN REALTY (6/10/7-Equity-July FY) Self-admin. Port.: \$19M, 0% non-earning; Mix: 71% shop. ctrs. owned, 14% residential. Financing: 2.4 leverage; Debt 81% mtgs. on prop., 19% sub. debent. Results: Jan. Q EPS 25¢ before 6¢ gain v. 17¢; CFS 31¢ v. 18¢. July monthly div unchanged at 8¢. Shares: Buy/hold for income
- 5N-NJB PRIME INV (12/10/3-Eq&Mtg.-Nov FY) NON-QUAL REIT. Self-admin. Port.: \$71M, 73% nonearning; Mix: 43 1/2% motor lodges/restaurants, 27 1/2% condos, 13% apts. Financing: \$6M Negative equity; \$59M credit expired 4/15/77; lead bank not extending; deb. tender at 22 expired; not likely to pay inter. Results: Feb. Q EPS d30¢ after gain. Bonds & shares: Avoid
- 3N-NORTH AMER MTG (12/12/5-ST mtg.-Dec FY) Port.: \$149M, 43% non- & 43% low-earn; 43% foreclosures; Mix: 48% apts., 25% condos, 8% land & devel. Financing: 2.1 leverage; \$56M demand bank notes. Results: Mar. Q EPS d32¢ v. d\$1.26 after 85¢ loss prov.; Appealing \$768,000 Fla. usury judgment. Bonds: Yield. Shares: Recovery potential
- 3N-NORTHWESTERN FIN (12/10/3-LT mtg.-Dec FY) NON-QUAL REIT. Port.: \$49M, 48% nonearn; 40% foreclosed; Mix: 7% apts., 6% office, 7% land, 44% inter-long; 50% N. Caro. Financing: 1.0 leverage; \$26M revolving credit at 1/2% over prime, expires Aug. 31, '77. Results: Mar. Q EPS d11¢ after 3¢ loss prov. v. d22¢. Shares: Recovery speculation long term
- 1 -NORTHWESTERN MUT LF MTG (7/9/6-LT mtg.-Mar FY) Port.: \$239M, 11% non- & 7% low-earn; 13% foreclosed; Mix: 24% office, 23% shop. ctrs., 13% apts.; 59% permanent mtgs. Financing: 1.7 leverage; \$118 1/2M open bank lines; \$26M comcl paper. Results: Mar. Q EPS 22¢ after 8¢ loss prov. v. 22¢; Div 25¢ unch. Converts: Safe. Shares: Buy long term
- 2 -PACIFIC SOUTHERN (No review-LT mtg.-Mar FY) Self-adm. Port.: \$10M, 33% nonearn; Mix: 61% comcl. loans, 17% foreclosed condo; Making equity investments. Financing: No borrowings. Results: Mar. Q EPS 11¢ after 5¢ loss prov. v. 17¢. Dividend: May 15¢ unch. Shares: Long-term recovery or buyout candidate, plus speculative yield & benefits of shift into equities.
- 2 -PENNSYLVANIA REIT (5/27/7-Equity-Aug FY) Port.: \$71M, 1% nonearning; Mix: 38% apartments, 36% shopping centers. Financing: 3.2 leverage, nearly all mtgs. on property owned; borrows under \$7 1/2M bank lines. Results: Feb. Q EPS 21¢ v. 29¢; CFS 30¢ v. 39¢; Div 57 1/2¢ semi-annually, unchanged. Shares: Buy/hold long-term for yield & gains
- 4N-PLAZA REALTY (8/12/4-Eq&Mtg.-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$32M, 75% nonearn; Mix: 45% apts., 16% unimproved land, 17% shop. ctrs; 50% equity. Financing: 11.1 leverage, incl. \$16M mtgs.; \$9M credit to 9/78 at 50% of prime if \$3M paid down by 9/78. Results: Dec. Q EPS d\$1.53 after \$1.27 loss prov. v. d54¢ after 27¢ loss prov. Shares: Avoid or trade only
- 2 -PNB MTG & RLTY (12/10/6-LT mtg.-Sep FY) Port.: \$119M, 18% non & low earning; Mix: 38% LT mtgs., 29% property owned; 38% apts., 21% office & indust., 19% condos. Financing: 1.7 leverage; \$50M bank lines; \$24M comcl paper. Results: Mar. Q EPS 13¢ after 4¢ loss prov. v. 13¢; Div. 12¢ v. 10¢. Maintaining portfolio size. Shares: Long-term recovery, possible further div uptick
- 2 -PROPERTY CAPITAL (4/9/6-Subor. land-July FY) Port.: \$69M, 24% nonearn; 21% foreclosed; Mix: 36% apts., 36% office, 15% shop. ctrs.; 48% leasebacks, 31% LT mtgs. Making new investments. Financing: 1.6 leverage; Bank borrowings cut to \$16M at 1/4% over prime. Results: Apr. Q. EPS 30¢ vs. 30¢; div. 30¢ unchanged. Shares: Buy-hold for yield & long term recovery
- 3 -PROPERTY TRUST OF AMER (2/11/7-Eq&Mtg.-Dec FY) Self-adm. Port.: \$32M, 36% non & low-earn; 23% mtgs., 18% foreclosed, 59% acq. property; Mix: 45% apts., 21% office, 16% shop. ctrs.; 81% Texas. Financing: 0.8 leverage, all \$14M mtgs. on property. Results: Mar. Q EPS 1¢ after 1¢ spec. expense v. 1¢ before 15¢ cap. loss; CFS 3¢ v. 4¢; June div. 5¢ unch. Shares: Hold for spec. recovery & modest income
- 2 -RLTY & MTG OF PACIFIC (RAHPAC) (6/13/5-LT mtg.-Nov. FY) Port.: \$81M, 13% non- & low-earn; Mix: 67% loans: 23% hotel/motel, 13% office, 16% apts.; 33% equity; 47% Calif., 13% Hawaii. Financing: 1.4 leverage; \$23M commercial paper backed by \$24M open lines; \$4M under \$15M term credit to Nov.'77. Results: May Q EPS 27¢ v. 25¢; Div. 28¢ unch. Converts & shares: Hold
- 3 -REIT OF AMERICA (5/14/6-Equity-Nov FY) Port.: \$45M, 1% nonearn; \$11M shopping center 88% leased; Mix: 42% shop. ctrs., 24% office, 19% indust.; 46% Calif., 13% Mass.; Expanding \$11M Sacramento center, leasing slower than expected. Financing: 0.4 leverage, all mtg. debt. Results: May Q EPS 27¢ v. 37¢ after 17¢ capital gain; July div. 30¢ unchanged. Shares: Hold long term
- 2 -REALTY INCOME (9/24/6-Eq&Mtg.-Apr FY) Self-adm. Port.: \$77M, 36% non- & low-earn; 51% foreclosed; Mix: 26% apts., 28% office. Financing: 3.0 leverage; \$14M under \$23 1/2M bank lines at prime; \$20M term at 1 1/2% over prime to '77-80. Results: Jan. Q EPS d47¢ after 53¢ loss prov.; Cleaning up portfolio; Apr. Div. 35¢ unch., paying cap. gains; deprec. rising. Converts: Yield. Shares: Buy/hold LT
- 3 -REALTY REFUND (9/12/5-Inter. mtg.-Jan FY) Port.: \$52M, no problems; Mix: 80% wraparound mtgs., 20% LT mtgs.; 43% apts., 21 1/2% office, 19% industrial. Financing: 1.7 leverage; \$17M credit at 1/2% over prime to 12/79, \$15M at 1 1/2% over prime to 7/80; \$5M new equity from warrants. Results: Apr. Q EPS & div. up 7% to 60¢. Shares: Hold; EPS sensitive to prime
- 4N-REPUBLIC MTG (6/10/4-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$60M, 84% nonearning; 76% foreclosed. Mix: 28% land acq. & devel., 19% condo, 13% apts.; 62% Florida. Financing: 3.2 leverage; \$30.7M credit to 6/30/77 at 2% cash plus contingent inter.; Results: Mar. Q EPS d20¢ after 15¢ gain v. d42¢ after 13¢ gain. Shares: Trading
- 3 -RIVIERE REALTY (1/13/5-Eq&Mtg.-Dec FY) Port.: \$21M, 25% low & nonearning; Mix: 36% apts., 24% office, 15% motel; 46% D.C. area, 45% Indiana. Financing: 2.0 leverage, mainly mtgs. on property; \$3.5M open line at 1 1/2% over prime. Results: Dec. Q EPS 54¢ after 35¢ gain v. 63¢ after 46¢ gain; CFS 25¢ before gain v. 26¢ before gain; June Div. 25¢ unch. Shares: Buy/hold more speculative yield
- 2 -SAN FRANCISCO RE (was US LSC) (8/27/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$58M, 25% nonearn; Mix: 52% office, most bank-occupied; 9% apts. Financing: 1.0 leverage, 87% mtgs. on prop.; \$7M credit lines. Results: Mar. Q EPS 20¢ after 12¢ loss prov. v. 20¢; CFS 31¢ v. 26¢; Div 15¢ unch.; Credit restrictions lifted. Seeking new equity investments. Shares: Buy/hold

RELATIVE APPEAL RANKINGS - Continued from page 7

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 3N-SAUL (B.F.) REIT (2/13/6-Eq&Mtg.-Sep FY) CAN END REIT. Port.: \$295M, 8% non- & 49% low-earning; Mix: 23% mtgs., 77% properties; Owned prop. is 41% shop, ctrs., 38% apartments; Financing: 6.9 leverage; \$125M revolver at 125% of prime to 4/30/79. Results: Mar. Q EPS d42c v. d44c. Bonds & converts: For yield. Shares: Speculation on mgmt. ability to restore property income
- 3N-SECURITY MTG (8/27/6-Inter. Mtg.-Sep FY) CAN END REIT. Port.: \$168M, 39% non & low earning; Mix: 39% one-family home improvement second mtgs., 45% commercial mtgs., 16% mtgs. on medical facilities; Financing: 2.9 leverage; \$56M at 120% of prime to 8/31/77; Results: Mar. Q EPS d3c v. 7c after 12c gain. Bonds: Attractive for yield, 7% high-grade speculation. Shares: Trading
- 3N-STATE MUTUAL (5/13/4-LT mtg.-Mar. FY) NON-QUAL REIT. Port.: \$115M, 68% non- & 12% low-earn; Mix: 8% condos, 37% apts.; 14% land. Financing: \$2M neg. equity; Sponsor may buy \$50M trust assets to repay most bank debt. Results: Mar. Q EPS d\$1.02 v. d76c. Tender: Proposed for 9% sr. notes at 72.5; 6 3/4s at 50; Suit filed to halt tender. Bonds: Tender. Shares: Most interesting if tender resolved
- 3N-SUMMIT PROP (6/25/6-Equity-Oct FY) NON-QUAL REIT. Port.: \$48M, 8% non- & low earn; Mix: 46% shop. ctrs; negotiations complete on 63% of former Grant space; Financing: 3.4 leverage; \$4M secured bank debt extended to 5/79 @ 2% over prime. Results: Apr. Q EPS d7c after 3c gain v. d5c after 7c cap. gain; CFS d5c before cap. gain v. 5c before cap. gain. Shares: Hold for long-term recovery
- 2N-SUTRO MTG INV (10/8/6-ST mtg.-Mar FY) Port.: \$72M, 18% non- & 25% low-earn; 38% foreclosed; Mix: 23% apts., 29% hotel/motel, 17% indust.; Financing: 1.0 leverage; \$39M credit lines incl. \$1M backup for comcl paper; Results: Mar. Q EPS .002c after 12c loss prov. v. .007c. Made \$2M new commitments. Paid 10c special div. in May. Converts: Safe yield. Shares: Buy L/T recovery
- 5N-TMC MTG INV (12/9/4-ST mtg.-Mar FY) Port.: \$41M, 100% non-earning; Mix: All condos & houses, Fla. & Puerto Rico; Financing: \$5M Negative equity; Obtained credit at 1% + conting. inter.; swapped many assets; Results: Sep. Q EPS d30c v. d29c. No auditor's opinion 1976. Shares: Avoid; essentially in liquidation; May merge into sponsor
- 4N-TEXAS FIRST MTG (11/12/3-ST mtg.-June FY) NON-QUAL REIT. Self-adm. Port.: \$26M, 83% nonearn; Mix: 56% land, 7% office, 5% warehouse; Financing: 1.5 leverage; \$13M bank credit at prime to 3/78, max. 8%, 3% pay in cash; assets pledged; \$6M assets swapped; Results: Mar. Q EPS 17c after 20c swap gain v. 88c after 91c gain & credit. Shares: Speculation on Texas land recovery
- 4N-TIERCO (No review-ST mtg.-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$60M, 75% non- & low-earn; Mix: 46% apts., 14% undevel. land; heavy Okla.; Financing: 10.9 leverage; \$32M credit at 5% minimum inter. plus deferrals, to 6/78; Missed 5/1 prin. repayment; initiating swaps. Results: Mar. Q EPS d10c v. d4c. Shares: Speculative recovery
- 4N-TRI-SOUTH MTG (10/14/4-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$156M, 82% nonearning; Mix: 29% land & devel.; 53% foreclosed; 26% GA, 19% Tex., 23% Fla.; Financing: 18.5 leverage; \$75M credit at 4% cash inter.; Missed June 30 payment & in default; Swapped \$9M in 3/77 Q. Results: Mar. Q EPS d17c after 45c gain v. 52c after \$2.30 gain. Bonds: Possible tender. Shares: Avoid; NYSE trading halt
- 3N-UMET TRUST (11/12/3-ST mtg.-Nov FY) NON-QUAL REIT. Self-adm. Port.: \$142M, 34% nonearn; Mix: 21% condos, 22% apts., 18% shop. ctrs., 19% office; Financing: 15.3 leverage; \$89M credit to 8/79 at 6% + contingent int.; Results: May Q EPS d83c after 28c loss prov. v. d31c. Shares: Speculative, some prop. recovering & possible interest recapture
- 2 -UNITED REALTY (9/24/6-LT mtg.-Nov FY) Port.: \$80M, 42% non- & low-earning; Mix: 22% GNMA's (pledged), 25% office, 18% apts.; Financing: 0.2 leverage; Pledged GNMA's to repay banks \$14M; Results: May Q EPS 19c after 2c loss prov. v. 18c no loss prov.; Div. 19c v. 18c. Made new loan. Shares: Buy for benefits from gradual problem loan solution
- 2N-US BANCORP TRUST (2/25/7-Eq&Mtg.-May FY) Port.: \$60M, 25% nonearn & 11% low; 16% foreclosed; Mix: 48% prop. owned or under construction, half indust., half office; Financing: 3.2 leverage; \$36M credit to 12/77, same interest; Results: Feb. Q EPS d23c v. d29c; CFS d6c v. d12c. Converts: Low but safe yield. Shares: Long term recovery, good equity base
- 3N-US REALTY INV (10/8/6-Eq&Mtg.-Dec FY) NON-QUAL REIT. Port.: \$105M, 20% nonearn & 15% low; Mix: 45% mtgs., 54% owned property, Financing: 6.7 leverage; \$39M at 125% of prime payable at 5 3/4% or cash flow; Results: Mar. Q EPS d12c v. d13c after 10c gain; CFS 1c v. d2c. Converts: OK for risk income. Shares: Long-term recovery; leverage high
- 2 -VIRGINIA RE (12/10/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$39M, 18% nonearning; Mix: 93% property, 7% mtgs.; Financing: 2.0 leverage, 74% mtgs. on property; \$7M bank term loan at 3% over prime extended to Mar. 31, '81; assets pledged. Results: Mar. Q 6c v. 22c incl. 8c recovery; CFS 15c v. 27c; Qtrly div. resumed 7/77 10c. Shares: Long term recovery
- 3N-WACHOVIA REALTY (10/14/4-ST mtg.-Aug FY) Port.: \$120M, 72% nonearn; 41% foreclosed; Mix: 20% apts., 17% land & devel., 13% comcl., 13% hotel/motel; Financing: 1.9 leverage; \$68M revolving credit to 7/79 at prime + contingent interest at 125% of prime. Results: May Q EPS d24c after 13c loss prov. v. d31c after 11c loss prov. Shares: Very long term recovery
- 4N-WALTER REALTY (3/11/4-Eq&Mtg.-July FY) NON-QUAL REIT. Port.: \$47M, 52% nonearn; 61% equity. Mix: 25% industrial, 15% one-family; 15% land; 49% Fla. Selling six prop. for \$10M. Financing: 3.0 leverage; \$15M credit to 10/78 @ 117% prime; Results: Apr. Q EPS d27c v. d\$1.26 after \$1.00 loss prov. Shares: Long recovery, must restructure low earning property now net leased
- 2 -WASHINGTON REIT (5/27/7-Equity-Dec FY) Port.: \$29M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 68% high-rise apts., 12% shop. ctrs., 13% distrib.-office. Financing: 0.9 leverage, mostly mtg. debt. Results: Mar. Q EPS 38c v. 40c; CFS 44c v. 49c; June div 44c unch. Shares: Hold for income, top quality assets
- 2 -WELLS FARGO MTG (12/10/6-ST mtg.-June FY) Port.: \$187M, 11% non- & 24% low-earning; Mix: 43% apts., 12% development, 7% condo. Financing: 1.4 leverage; Borrows under \$171.3M open lines backing \$79M commercial paper; New commitments. Results: Mar. Q EPS 29c after 6c recovery v. 27c after 8c recover; CFS 36c v. 33c; div 25c v. 20c incl. 8c cleanup. Shares: Buy/hold for recovery
- 3N-WESTERN MTG (6/11/3-ST mtg.-Feb FY) Port.: \$22M, 22% nonearning, 9% partial earning; Mix: 22% land acq. & devel., 25% apts., 15% one-family, 14% office. Making new commitments. Financing: 2.1 leverage; \$11.3M revolver at 1/2% over prime, plus \$2.3M from banks payable over 2 1/2 yrs. Results: Feb. FY d9c; Feb. Q EPS 6c v. d15c after 1c loss prov. Shares: Trading
- 2N-WISCONSIN REI FUND (No review-Equity-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$36M, 10% nonearning; Mix: 81% property, 9% foreclosed, 10% mtgs. Financing: 3.5 leverage, \$22M mtg. debt; \$6M short term. Results: Mar. Q EPS d19c before 80c gain v. d14c before 24c gain; CFS d13c + gain v. d11c + gain. Sale agree \$11m prop. 1/77 & more 4/77. Shares: Speculation on turnaround by new management; Group bought 119,000 shs.

REIT STATUS is shown to indicate whether a trust intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER TO END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, or NON-REIT POWER when shareholders have given trustees power to end qualification; and NON-QUAL REIT, when trustees have ended qualification.